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**Date:** 10/25/2010

**GAIN Report Number:** MX0077

## Mexico

**Post:** Mexico

### Cotton Situation - October Update

**Report Categories:**

Cotton and Products

Pest/Disease Occurrences

Planting Seeds

Policy and Program Announcements

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**Report Highlights:**

Mexican cotton harvest is underway and production is forecast at 620,742 bales for marketing year (MY) 2010/11. Industry sources now possess a better grasp of the damage to the La Laguna cotton production area and report that higher yields in Chihuahua may offset some of the devastation caused by Hurricane Alex to Mexico's cotton industry. Mexican agricultural producers may see a decrease of roughly U.S. \$1.03 billion in "target price" support payments in 2011.

**General Information:**

Unofficial information from the Confederation of Mexican Cotton Associations (CMCA) indicates there may be a significant decrease in the 2011 agricultural sector budget. Agricultural producers may see a decrease of roughly U.S. \$1.03 billion in “target price” support payments. Since cotton is a commodity covered by the target price scheme, cotton producers foresee potential impact on planting decisions and sources report that producers could switch to more profitable commodities or abandon fields if support payments erode.

**Production:**

Latest data from CMCA forecasts MY2010/11 cotton bale production at 620,742 bales, a 2.26 percent increase from Post’s September 2010 estimate of 607,009 bales (See GAIN MX0062). This is due to higher yields in the State of Chihuahua.

CMCA indicated that La Laguna, one of the most important cotton producing areas in Northern Mexico, is overcoming the destruction caused by Hurricane Alex. With the conclusion of the wet season in the area, ginning has begun and the viruela infestation is reported to be under control. While planted area estimates for La Laguna remain stable, CMCA adjusted yield and production forecasts downward 13.8 percent. CMCA forecasts La Laguna yields to be 5.6 bales per hectare and production to reach 90,160 bales.

Producers in the Juarez and Delicias areas of Chihuahua are traditional users of improved seeds. Production in Chihuahua should offset some of the production decline in La Laguna. The Chihuahua area reports excellent development of cotton bolls due to beneficial weather and ample water supplies. While Delicias planted area remains unchanged, MY 2010/11 production figures are adjusted upward nearly 16 percent from last month as yields could reach 5.7 bales per hectare. Improved yields in this production area along with the re-introduction of cotton to northern Tamaulipas will offset the damage to La Laguna. Ginning operations in Juarez and Delicias started around October 15, 2010.

The Mexicali area, in the State of Baja California, reports that 30 percent of the area cotton has been harvested by the middle of October. South Sonora is almost at the end of harvest and northern Tamaulipas has recently begun harvest, as well.

**Table 1. Mexico: Cotton Production by State/Region - MY 2010/11**

Mexico: Cotton Production by State/Region - MY 2010/11				
Region	Planted Area (Ha)	Yield (Bales/Ha)	Production (Bales)	Bales harvested①
Southern Sonora	3,000	6.0	18,000	17,215
Mexicali, Baja California	21,000	6.0	126,000	48,851
Juarez, Chihuahua	8,169	5.0	49,014	n/a
Delicias, Chihuahua	25,735	5.7	147,048	n/a

Ojinaga-Aldama, Chihuahua	27,170	6.0	163,020	n/a
La Laguna (Durango-Coahuila)	16,100	5.6	90,160	4,120
Northern Tamaulipas	5,500	5.0	27,500	5,560
<b>TOTAL</b>	<b>106,674</b>	<b>5.61</b>	<b>620,742</b>	<b>75,746</b>

Source: Confederation of Mexican Cotton Associations

(1) as of October 1<sup>st</sup>, 2010

### Trade:

As previously reported, the Mexican market offers a steady demand stream to American suppliers. The United States remains the leading cotton supplier to Mexico and accounts for nearly 100 percent of total cotton imports.

### Production, Supply and Demand Data Statistics :

**Table 2. Mexico: Production, Supply and Demand Data Statistics**

PSD Table									
COUNTRY: MEXICO									
COMMODITY: COTTON									
	2008/09			2009/10			2010/11		
	Market Year Begin: Aug 2008			Market Year Begin: Aug 2009			Market Year Begin: Aug 2010		
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		New Post Data
Area Planted	0	110	110	0	100	73	0	0	107
Area Harvested	101	101	101	69	70	70	0	0	100
Beginning Stocks	932	933	933	772	845	845	0	0	842
Production	575	567	567	421	450	422	0	0	621
Imports	1,315	1,400	1,400	1,500	1,450	1,500	0	0	1,600
MY Imports from U.S.	0	1,400	1,400	0	1,450	1,420	0	0	1,600
Total Supply	2,822	2,900	2,900	2,693	2,745	2,767	0	0	3,063
Exports	175	130	130	100	120	100	0	0	200
Use	1,850	1,900	1,900	1,900	1,800	1,800	0	0	1,900
Loss	25	25	25	25	25	25	0	0	25
Total Dom. Cons.	1,875	1,925	1,925	1,925	1,825	1,825	0	0	1,925
Ending Stocks	772	845	845	668	800	842	0	0	938
Total Distribution	2,822	2,900	2,900	2,693	2,745	2,767	0	0	3,063
Stock to Use %	38	42	42	33	42	44	0	0	45
Yield	1,240	1,222	1,222	1,328	1,400	1,313	0	0	1,352

### Author Defined:

### For More Information

**FAS/Mexico Web Site:** We are available at [www.mexico-usda.com](http://www.mexico-usda.com) or visit the FAS headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

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### Other Relevant Reports Submitted by FAS/Mexico:

<b>Report Number</b>	<b>Subject</b>	<b>Date Submitted</b>
MX0062	Cotton Situation – September Update	09/10/10
MX0038	July Cotton Update	06/15/10
MX0021	Cotton and Products Annual	04/14/10
MX0007	February Cotton Update	03/01/10